

## Message Text

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E.O. 11652:N/A

TAGS: ETRD, JA

SUBJECT: TRADE FACILITATION COMMITTEE CASE -- NATIONAL  
ASSOCIATION OF ENGINE AND BOAT MANUFACTURERS

1. SUMMARY: COMMERCE (USDOC) FORWARDING NEW CASE FOR TFC  
CONSIDERATION REGARDING JAPANESE STANDARDS AND INSPECTIONS  
PROCEDURES FOR SMALL BOATS WHICH DISCRIMINATE AGAINST U.S.  
UNCLASSIFIED

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MANUFACTURERS. THE CASE IS BEING PRESENTED ON BEHALF OF  
THE INDUSTRY BY THE NATIONAL ASSOCIATION OF ENGINE AND BOAT  
MANUFACTURERS (NAEBM), WHICH REPRESENTS ABOUT 85 PERCENT  
OF THE INDUSTRY'S 800 FIRMS. THIS TFC CASE COMPLEMENTS  
REQUESTS MADE OF JAPAN IH BILATERAL DISCUSSIONS IN CONNEC-  
TION WITH THE MTN. (END SUMMARY).

2. TEXT OF CASE ON BEHALF OF THE NATIONAL ASSOCIATION OF  
ENGINE AND BOAT MANUFACTURERS TO BE PRESENTED TO GOJ ALONG  
FOLLOWING LINES:

A. SUMMARY OF CASE: THE REVISED SHIP SAFETY LAW REQUIRES CERTIFICATION BY THE JAPAN SMALL BOAT INSPECTION ORGANIZATION, WHICH DISCRIMINATES AGAINST U.S. MANUFACTURERS BY REQUIRING THAT EACH IMPORTED BOAT FACE INSPECTION WHILE JAPANESE MANUFACTURERS NEED SUBMIT ONLY ONE PROTOTYPE MODEL FOR APPROVAL. SMALL BOAT SAFETY REGULATIONS

ISSUED PURSUANT TO THE LAW ESTABLISH EXCESSIVELY DETAILED DESIGN STANDARDS, WHILE PROVIDING ONLY VAGUE AND UNCLEAR PERFORMANCE STANDARDS; INSPECTION PROCEDURES ARE NOT CLEARLY SPELLED OUT. ADDITIONALLY, THE REGULATIONS PROVIDE FOR WIDE LATITUDE IN INTERPRETATION AND DISCRETION ON THE PART OF INSPECTING OFFICERS, WHICH HAVE LED TO APPARENTLY ARBITRARY DECISIONS DISCRIMINATING AGAINST U.S. MANUFACTURERS. U.S. EXPORTS OF PLEASURE BOATS TO JAPAN DECLINED BY ABOUT 85 PERCENT IN VALUE BETWEEN 1973 AND 1977 FOLLOWING IMPLEMENTATION OF THE NEW INSPECTION PROCEDURES AND STANDARDS.

B. FACTS OF THE CASE: THE SHIPS SAFETY LAW (LAW NO. 11 OF 1933) AS REVISED REQUIRES INSPECTION OF BOATS UNDER 12 METERS IN LENGTH AND 20 TONS GROSS WEIGHT, AND ESTABLISHES UNCLASSIFIED

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THE JAPAN SMALL BOAT INSPECTION ORGANIZATION AND PROVIDES AUTHORITY TO THIS ORGANIZATION AND PROVINCIAL GOVERNORS TO CARRY OUT THE REQUIRED INSPECTIONS. MINISTRY OF TRANSPORT ORDINANCE NO. 36, "SMALL BOAT SAFETY REGULATIONS", PROMULGATED AUGUST 27, 1974 IN ACCORDANCE WITH THE SHIP SAFETY LAW (REVISED) REQUIRES INSPECTION AND CERTIFICATION OF HULLS; ENGINES AND MACHINERY; DRAINAGE SYSTEMS; STEERING, MOORING, AND ANCHORING GEAR; LIFESAVING AND FIRE PREVENTION APPARATUS; ACCOMMODATIONS AND EMERGENCY EXITS; NAVIGATION EQUIPMENT; ELECTRIC SYSTEMS; AND STABILITY. THESE REGULATIONS PROVIDE CERTAIN STANDARDS AND DESIGN REQUIREMENTS. IN GENERAL, THESE STANDARDS ARE EXTREMELY DETAILED WITH RESPECT TO SPECIFIC MANDATED DESIGN REQUIREMENTS, WHILE REMAINING EXTREMELY VAGUE WITH RESPECT TO THE PERFORMANCE CHARACTERISTICS WHICH ARE THE OBJECTIVES OF THE DESIGN REQUIREMENTS, AS WELL AS TO PERFORMANCE STANDARDS IN GENERAL. IN ADDITION, THE REGULATIONS PROVIDE FOR SUBSTANTIAL DISCRETION ON THE PART OF THE INSPECTING OFFICER REGARDING THE APPLICATION OR EXCLUSION OF CERTAIN STANDARDS FOR EACH VESSEL UNDERGOING INSPECTION. THE REGULATIONS ESTABLISH THAT THE RULINGS OF THE INSPECTION ORGANIZATION ARE FINAL AND PROVIDE FOR NO AVENUES OF RECOURSE. THE JAPAN SMALL BOAT INSPECTION ORGANIZATION REQUIRES THAT EACH IMPORTED BOAT BE INDIVIDUALLY INSPECTED AND CERTIFIED. JAPANESE MANUFACTURERS ARE AFFORDED TYPE APPROVAL BASED ON INSPECTION OF A PROTOTYPE MODEL. THE IMPACT OF THE PRECEDING IS CLEARLY REFLECTED IN TRADE

FIGURES. U.S. EXPORTS OF PLEASURE BOATS TO JAPAN TOTALLED DOLLARS 1.7 MILLION IN 1973; FOLLOWING THE PROMULGATION OF THE REVISED SHIP SAFETY LAW AND IMPLEMENTATION OF THE SMALL BOAT SAFETY REGULATIONS IN 1974, U.S. EXPORTS DECLINED TO DOLLARS 1.5 MILLION IN 1974, DOLLARS 638,000 IN 1975, DOLLARS 598,000 IN 1976, AND DOLLARS 253,000 IN 1977. JAPANESE BOAT MANUFACTURERS HAVE ACCESS TO THE U.S. MARKET ON TERMS EQUAL TO U.S. MANUFACTURERS; IMPORTS OF JAPANESE BUILT PLEASURE BOATS INTO THE U.S. HAVE REMAINED UNCLASSIFIED

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BETWEEN DOLLARS 4.7 MILLION AND DOLLARS 3.2 MILLION DURING THE 1973-77 PERIOD.

C. DISCUSSION: THE IMPOSITION BY INSPECTING OFFICERS OF CERTAIN JAPANESE STRUCTURAL DESIGN REQUIREMENTS ON U.S. MANUFACTURED BOATS WHICH ARE BUILT TO MEET U.S. COAST GUARD SAFETY REGULATIONS AND ESTABLISHED U.S. AND INTERNATIONAL CLASS STANDARDS IN EFFECT RESTRICTS ENTRY OF SUCH BOATS INTO JAPAN. THE PRACTICE OF PROVIDING TYPE APPROVAL TO DOMESTICALLY MANUFACTURED BOATS AND REQUIRING INDIVIDUAL INSPECTION OF EACH IMPORTED BOAT IS CLEARLY DISCRIMINATORY AGAINST U.S. MANUFACTURERS AND IMPEDES ACCESS TO THE JAPANESE MARKET BY U.S. SMALL BOAT MANUFACTURERS. THE REGULATIONS PROVIDE FOR SUBSTANTIAL DISCRETION ON THE PART OF INSPECTING OFFICERS. THE NARROW APPLICATION OF THESE REGULATIONS BY INSPECTING OFFICERS WITH REGARD TO IMPORTS SEVERELY LIMIT ACCESS TO THE JAPANESE MARKET. THE FOLLOWING ARE ILLUSTRATIVE OF THE DIFFICULTIES WHICH U.S. BOAT MANUFACTURERS HAVE ENCOUNTERED WITH RESPECT TO DESIGN STANDARDS, TESTING PROCEDURES AND INTERPRETATION OF THE REGULATIONS:

(1) ARTICLE 15 OF THE REGULATIONS MANDATES THE INSTALLATION OF CERTAIN WATERTIGHT BULKHEADS IN STEEL HULLED BOATS IN ORDER TO ACHIEVE BOUYANCY WHEN COMPARTMENTS ARE FLOODED. ARTICLE 20 APPLIES THESE REQUIREMENTS TO FABRIC REINFORCED PLASTIC (FRP) HULLS. U.S. BOAT BUILDERS ACHIEVE SUPPLEMENTARY FLOTATION BY USING MATERIALS SUCH AS STYROFOAM IN VOID SPACES (SPACES NOT OTHERWISE USED WITHIN A BOAT HULL) OR FLOTATION TANKS. U.S. BOATS MEET THE STRINGENT FLOTATION STANDARDS ESTABLISHED BY THE U.S. COAST GUARD FOR CERTAIN CLASSES OF BOATS BY THIS METHOD. THIS METHOD ELIMINATES THE NECESSITY OF USING UNCLASSIFIED

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WATERTIGHT BULKHEADS THAT DETER FREE PASSAGE BELOW DECKS AND OCCUPY CONSIDERABLE SPACE WITHIN THE LIMITED HULL AREA. COMPLIANCE WITH THE WATERTIGHT BULKHEAD REQUIREMENT NECESSITATES RADICAL REDESIGNING OF U.S. BOATS

AND DOES NOT NECESSARILY IMPROVE THE SAFETY CHARACTERISTICS OF BOATS. WHILE THE REGULATIONS PROVIDE FOR EXEMPTION OF BOATS FROM THIS STRUCTURAL REQUIREMENT IN CASES WHERE JAPANESE INSPECTION OFFICERS DETERMINE THAT THEY HAVE SUFFICIENT BOUYANCY, U.S. MANUFACTURERS WHICH HAVE ATTEMPTED TO MARKET THEIR BOATS IN JAPAN STATE THAT JAPANESE INSPECTING OFFICERS HAVE NOT INDICATED A WILLINGNESS TO SO EXEMPT U.S. BUILT BOATS BASED ON THE CONSIDERATION OF THEIR STRUCTURE AND PERFORMANCE.

(2) ARTICLE 19 OF THE REGULATIONS STATES THAT FRP HULLS MUST PASS BENDING AND DROP TESTS. THE REGULATIONS DO NOT STATE WHAT TESTING METHODS WILL BE USED OR PERFORMANCE CRITERIA WHICH MUST BE MET BY BOATS WHEN SO TESTED. ON THE BASIS OF INFORMATION PROVIDED BY U.S. MANUFACTURERS, IT IS UNDERSTOOD THAT THE DROP TEST IS CARRIED OUT BY DROPPING THE BOAT, FULLY LADEN, FROM A HEIGHT OF 2.5 METERS ONTO THE WATER, FOLLOWED BY A VISUAL EXAMINATION FOR DAMAGE. THE INTENT OF SUCH A TEST IS UNCLEAR AND NOT SPECIFIED IN THE REGULATIONS. THE TEST EXPOSES THE HULL TO STRESSES UNIMAGINABLE EVEN UNDER SEVERE SEA CONDITIONS. BOAT HULLS (UNLESS FLAT-BOTTOMED) ARE FAIRED IN ORDER TO DISTRIBUTE STRESSES CAUSED BY POUNDING (A DIRECT BLOW TO THE FORWARD PART OF THE HULL BY MEETING A WAVE HEAD-ON), ROLLING, (A LATERAL MOTION IMPARTED BY BEING BROADSIDE TO THE SEA), AND TORSION (A CORKSCREWING MOTION IMPARTED BY MEETING THE SEAS AT AN ANGLE FROM THE BOW OR STERN). HULL DESIGN COMPENSATES FOR THE POUNDING BY MAKING THE BOW AND FORWARD PART OF THE HULL VERY SHARP TO CUT THROUGH HEAD SEAS, AND THE AFTER PART NOT AS SHARP, BUT NOT ALTOGETHER FLAT (THE SHAPE CLOSE TO THE STERN IS DESCRIBED AS A SHALLOW VEE), AND THE KEEL AND OTHER REINFORCING UNCLASSIFIED

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STRUCTURALS, PLUS THE RESILIANCY OF THE FIBER REINFORCED PLASTIC MATERIAL (FRP OR FIBERGLASS) ASSIMILATE THE TORSION. IN A DROP TEST THE HULL IS EXPOSED TO ADDITIONAL ACCELERATION IMPOSED BY GRAVITY, IN PROPORTION TO THE BOAT'S WEIGHT, THUS CONCENTRATING THE MAJOR BLOW ON THE SHALLOW VEE (OR FLATTER PORTION OF THE HULL) THAT VERY SELDOM (IF EVER) WOULD BE EXPOSED TO SUCH PUNISHMENT. SINCE IMPORTED BOATS ARE NOT AFFORDED TYPE APPROVAL, THE EXAGGERATED TESTING CONDITIONS IMPOSED ON EVERY UNIT IMPORTED INTO JAPAN SUBJECTS EACH IMPORTED HULL TO HIDDEN DAMAGE EVEN IF THEY PASS THE TEST. THE REGULATION PROVIDES THAT THE BENDING AND DROP TESTS MAY BE OMITTED AT THE INSPECTION ORGANIZATIONS DIRECTION, CONSIDERING THE STRUCTURE, MANUFACTURING METHOD AND OTHER FACTORS REGARDING A SMALL BOAT; HOWEVER, INFORMATION PROVIDED BY U.S. MANUFACTURERS WHICH HAVE ATTEMPTED TO MARKET THEIR BOATS IN JAPAN INDICATE THAT JAPANESE INSPECTING OFFICERS HAVE NOT INDICATED A WILLINGNESS TO SO EXEMPT U.S. BUILT BOATS.

A LEADING U.S. MANUFACTURER AND EXPORTER OF PLEASURE BOATS HAS PROVIDED THE DEPARTMENT OF COMMERCE WITH FILES OF ITS CORRESPONDENCE WITH ITS JAPANESE DISTRIBUTOR DURING THE YEARS 1972, 1973 AND 1974 RECORDING ITS EFFORTS TO ESTABLISH ITSELF IN THE JAPANESE MARKET. THE CORRESPONDENCE DOCUMENTS THE FIRM'S EFFORTS DURING A PERIOD OF OVER A YEAR IN PROVIDING A MASSIVE AMOUNT OF MATERIAL OUTLINING THE SPECIFICATIONS OF THEIR BOATS IN RESPONSE

TO REQUIREMENTS OF THE JAPANESE MINISTRY OF TRANSPORTATION. THE COMPANY FORWARDED SAMPLES OF RESINS, SCREWS, LAMINATES, LAY-UP SCHEDULES, AND DETAILED BLUEPRINTS ON ALL OF THEIR MODELS. THE COMPANY ESTIMATES THAT IT INVESTED LITERALLY HUNDREDS OF HOURS OF ENGINEERING TIME IN ORDER TO MEET JAPANESE REQUIREMENTS. IN ADDITION, THEY OBTAINED CLASS UNCLASSIFIED

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CERTIFICATION BY LLOYDS SURVEYORS FOR EACH BOAT EXPORTED TO JAPAN. THE COMPANY NOTES THAT IN 1973 IT SHIPPED BOATS VALUED AT OVER DOLLARS 200,000 TO JAPAN AND THAT THEIR JAPANESE DISTRIBUTOR AGGRESSIVELY MARKETED THEIR PRODUCTS IN THREE MAJOR JAPANESE BOA; SHOWS (TOKYO, OSAKA, AND NAGOYA) AS WELL AS BY CARRYING OUT AN EXTENSIVE ADVERTISING CAMPAIGN. THEY ALSO NOTE THAT THEIR DISTRIBUTOR ATTENDED THEIR INTERNATIONAL SALES CONFERENCE IN THE U.S. IN SEPTEMBER 1974. THE FILE RECORDS THE DIFFICULTY ENCOUNTERED BY THE U.S. FIRM AND ITS AGENT IN ATTEMPTING TO OBTAIN INFORMATION ON THE SPECIFIC NATURE OF STANDARDS AND INSPECTION PROCEDURES TO BE APPLIED TO U.S. MANUFACTURED BOATS FOLLOWING THE ESTABLISHMENT OF THE SMALL BOAT INSPECTION ORGANIZATION IN 1974. THE INSPECTION ORGANIZATION INDICATED THAT EACH MODEL WOULD BE REQUIRED TO UNDERGO ALL PRESCRIBED TESTS AND TO MEET ALL MANDATED DESIGN REQUIREMENTS IN ORDER TO OBTAIN CERTIFICATION. THE AGENT STATED THAT THIS WOULD REQUIRE EXTENSIVE MODIFICATIONS TO THE HULL AND OTHER STRUCTURES, THAT MANY OF THE FITTINGS, LIFE SAVING, NAVIGATIONS LIGHTS AND OTHER INSTALLED EQUIPMENT WOULD HAVE TO BE REMOVED AND REPLACED WITH "OFFICIALLY RECOMMENDED" JAPANESE MADE EQUIPMENT. AS A RESULT OF THE BASIC STRUCTURAL MODIFICATIONS WHICH WOULD BE REQUIRED TO THEIR BOATS TO MAKE THEM ACCEPTABLE TO JAPANESE INSPECTORS, THE NECESSITY OF REPLACING FITTINGS AND OTHER GEAR, THE NECESSITY OF A LLOYDS SURVEY FOR EACH BOAT EXPORTED, AND OTHER PROBLEMS AND COSTS WHICH APPEARED EXTRAORDINARY IN COMPARISON WITH THOSE INCURRED IN OTHER MAJOR INTERNATIONAL MARKETS, THE FIRM RELUCTANTLY TERMINATED ITS EFFORTS TO ESTABLISH ITSELF IN THE JAPANESE MARKET. OTHER MAJOR U.S. BOAT BUILDERS HAVE EITHER BEEN FORCED TO WITHDRAW FROM MARKETING OR LICENSING ARRANGEMENTS, OR ACCEPT A VERY LIMITED MARKET FOR THEIR PRODUCTS IN JAPAN AS A RESULT OF THE IMPOSITION AND ADMINISTRATION OF THE SMALL BOAT STANDARDS PROCEDURES. ONE FIRM WHICH MARKETS ITS INTER-

NATIONALLY PROMINENT AND ACCEPTED LINE OF PLEASURE CRAFT  
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IN MAJOR BOAT BUILDING NATIONS STATES THAT IF IT WERE  
AFFORDED FAIR ACCESS TO THE JAPANESE MARKET IT WOULD EXPECT  
TO SELL BETWEEN DOLLARS 500,000 AND DOLLARS 1,000,000 ON AN  
ANNUAL BASIS WITHIN THREE YEARS.

D. RELIEF SOUGHT: THE U.S. GOVERNMENT REQUESTS ON BEHALF  
OF THE NATIONAL ASSOCIATION OF ENGINE AND BOAT MANU-  
FACTURERS:

(1) THAT U.S. MANUFACTURERS OF SMALL BOATS BE AFFORDED  
EQUAL TREATMENT WITH JAPANESE DOMESTIC MANUFACTURERS WITH  
RESPECT TO TYPE OR MODEL APPROVAL, AND THAT U.S. MANU-  
FACTURED BOATS THEREFORE BE ELIGIBLE FOR MODEL APPROVAL  
AND CERTIFICATION,

(2) THAT THE GOVERNMENT OF JAPAN MAKE A FIRM POLITICAL  
COMMITMENT WITHIN THE TIME FRAME OF THE MULTILATERAL TRADE  
NEGOTIATIONS TO REMOVE STANDARDS AND CERTIFICATION BARRIERS  
FACING U.S. MANUFACTURERS ATTEMPTING TO EXPORT SMALL BOATS  
TO JAPAN. FOLLOWING SUCH A COMMITMENT, THE U.S. GOVERNMENT  
BELIEVES TECHNICAL CONSULTATIONS SHOULD BE PURSUED BETWEEN  
U.S. AND JAPANESE GOVERNMENT OFFICIALS, IN ORDER TO  
IDENTIFY THE WAY IN WHICH SUCH A COMMITMENT CAN BE  
IMPLEMENTED.

THE U.S. GOVERNMENT NOTES THAT IN THE CONTEXT OF THE MTN,  
THE GOVERNMENT HAS MADE A FORMAL REQUEST OF THE GOVERNMENT  
OF JAPAN REGARDING THE CONTENTS AND IMPLEMENTATION OF  
THE REVISED SHIP SAFETY LAW. THE IMPORTANCE OF THIS ISSUE  
TO THE UNITED STATES IN THE CONTEXT OF THE U.S.-JAPANESE  
REQUEST-OFFER PROCEDURE WAS STRESSED. PRESENTATION OF  
THIS CASE TO THE JOINT U.S.-JAPAN TRADE FACILITATION  
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COMMITTEE IS CONSISTENT WITH THIS ACTION, SINCE IT AFFORDS  
A FORUM FOR BILATERAL CONSULTATION TO IDENTIFY AND RESOLVE  
THE SPECIFIC ISSUES BARRING THE IMPORTATION OF U.S.-MANU-  
FACTURED PRODUCTS. (END TEXT OF CASE).

3. THE EMBASSY IS REQUESTED TO CONTACT APPROPRIATE  
JAPANESE GOVERNMENT ENTITIES ON THE FOLLOWING POINTS, AS  
PART OF THE PROCESS OF ACHIEVING OPERATIONALIZATION OF  
THE COMMITMENT:

A. REQUEST COPIES OF THE OFFICIAL ENGLISH LANGUAGE TRANS-  
LATION OF THE SMALL BOAT SAFETY REGULATIONS, WHICH PERTAIN  
TO PLEASURE CRAFT OF UNDER 12 METERS IN LENGTH AND 20 TONS

GROSS WEIGHT AND OFFICIAL EXPLANATIONS OF RELATED GUIDANCE AND INTERPRETATIONS. ALSO REQUEST COPIES OF OFFICIAL ENGLISH LANGUAGE TRANSLATIONS OF THE REVISED SHIP SAFETY LAW, AND OFFICIAL EXPLANATIONS OF THE WAY IT RELATES TO PLEASURE CRAFT OF OVER 12 METERS IN LENGTH AND 20 TONS GROSS WEIGHT. SPECIFICALLY, THE U.S.G. WANTS TO KNOW OFFICIALLY OF ALL REGULATIONS, STANDARDS, AND TESTING AND INSPECTION PROCEDURES THAT APPLY TO PLEASURE BOATS OF THE TWO SIZES CATEGORIES CITED HERE.

B. OBTAIN OFFICIAL EXPLANATION OF THE RELATIONSHIP AND ALLOCATION OF RESPONSIBILITY WITH RESPECT TO INSPECTION OF IMPORTED BOATS BETWEEN THE MINISTRY OF TRANSPORT, THE JAPAN SMALL BOAT INSPECTION ORGANIZATION AND REGIONAL INSPECTION AUTHORITIES UNDER THE AUTHORITY OF PROVINCIAL GOVERNORS. (FYI: INDUSTRY SOURCES INDICATE THAT LOCAL INSPECTORS OFTEN ARE DISTRIBUTORS OF JAPANESE MANUFACTURERS AND OPERATORS OF MARINAS OWNED BY MANUFACTURERS, AND ARE RESPONSIBLE FOR BOTH BOAT INSPECTION AND CERTIFICATION AS WELL AS TRAINING AND ISSUANCE OF OPERATORS' LICENSES UNDER THE REVISED SEAMEN'S LAW).

4. U.S.G. BELIEVES IT IS ESSENTIAL TO OBTAIN THE COMMIT-  
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MENT FROM GOJ TO REMOVE STANDARDS BARRIERS AND USDOC PREFERS TO DELAY CONSULTATIONS WITH JAPANESE ON DETAILED SPECIFICS UNTIL THE MTN DEAL IS STRUCK ON JULY 15. HOWEVER, IN ADDITION TO OBTAINING THE INFORMATION REQUESTED IN PARA. 3 ABOVE, IF THE EMBASSY BELIEVES IT WOULD BE HELPFUL, IT MAY PROCEED IN INFORMAL DISCUSSIONS TO OBTAIN THE PRELIMINARY REACTION OF JAPANESE TO THE FOLLOWING POSSIBLE APPROACHES TOWARD RESOLUTION OF THE PROBLEM.

A. WILLINGNESS OF THE JAPANESE AUTHORITIES TO CONSIDER ACCEPTANCE OF STANDARDS ESTABLISHED BY THE U.S. COAST GUARD AND/OR U.S. BOAT CLASSIFICATION ORGANIZATIONS, WHERE THE PERFORMANCE LEVELS OF SUCH STANDARDS ARE EQUIVALENT TO THE PERFORMANCE LEVELS EXPECTED UNDER THE JAPANESE STANDARDS. (FYI: THE U.S. COAST GUARD ESTABLISHES CERTAIN STANDARDS FOR SMALL BOATS, BUT ENFORCEMENT IS BASED ON CERTIFICATION OF COMPLIANCE BY MANUFACTURERS, AND PENALTIES FOR NON-COMPLIANCE WHERE IDENTIFIED BY SPOT INSPECTIONS AND TESTING BY THE COAST GUARD. STANDARDS ENCOMPASS MARINE SANITATION DEVICES, LIFESAVING EQUIPMENT, ELECTRICAL, AND FUEL SYSTEMS FOR ALL BOATS. IN ADDITION, SPECIFIC STANDARDS FOR CAPACITY, SAFE LOADING, SAFE POWERING AND FLOTATION HAVE BEEN ISSUED FOR BOATS OF LESS THAN 20 FEET IN LENGTH. COAST GUARD REGULATIONS RELATED TO LIGHTING AND LIGHTING DEVICES ARE ALSO ISSUED CONSISTENT WITH INTERNATIONAL CONVENTIONS TO WHICH BOTH THE U.S. AND JAPAN ARE SIGNATORY. THERE IS ALSO VOLUNTARY COMPLIANCE

WITH DESIGN STANDARDS SET BY SUCH ORGANIZATIONS AS THE AMERICAN BOAT AND YACHT COUNCIL. THERE IS NO PROCEDURE EQUIVALENT TO THE INSPECTION AND CERTIFICATION OF INDIVIDUAL BOATS AND MODELS BY THE SMALL BOAT INSPECTION ORGANIZATION IN JAPAN. THE JAPANESE HAVE INDICATED THEIR WILLINGNESS TO ACCEPT INSPECTION REPORTS FROM "OFFICIAL UNCLASSIFIED

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SURVEYING AND CLASSIFICATION SOCIETIES" IN THE UNITED STATES, BUT IT REMAINS UNCLEAR JUST WHICH ORGANIZATIONS

WOULD HAVE "OFFICIAL STATUS" ACCEPTABLE TO THE JAPANESE. END FYI)

B. CONSIDERATION BY THE JAPANESE AUTHORITIES OF ACCEPTANCE OF SMALL BOAT AND/OR ENGINE INSPECTION AND TESTING IN THE UNITED STATES BY THE JAPANESE SHIP CLASSIFICATION SOCIETY (NIPPON KAIJI KYOKAI) AS IS NOW DONE IN THE CASE OF MARINE COMBUSTION ENGINES FOR COMMERCIAL VESSELS ON BEHALF OF THE MINISTRY OF TRANSPORT IN ACCORDANCE WITH MINISTRY OF TRANSPORT NOTIFICATION OF SIMPLIFIED PROCEDURE, SENKEN 453, DECEMBER 19, 1977.

C. WILLINGNESS OF THE JAPANESE GOVERNMENT TO COOPERATE UNDER THE EXPORT PROMOTION PROVISIONS OF THE TFC TERMS OF REFERENCE IN DEVELOPING INFORMATION ON PRODUCTION AND SALES OF BOATS AND RELATED EQUIPMENT IN JAPAN, MARKETING PRACTICES OF JAPANESE MANUFACTURERS AND DISTRIBUTORS, CURRENT AND PROJECTED AVAILABILITY OF MORRING SPACES FOR FOREIGN BUILT BOATS, ETC. (FYI: USDOC UNDERSTANDS FROM INDUSTRY SOURCES THAT MANY BOAT SLIPS ARE CONTROLLED BY JAPANESE BOAT MANUFACTURERS, RESULTING IN UNFAIR PRACTICES. END FYI).

5. FORWARDING FOR EMBASSY BACKGROUND COPIES OF CORRESPONDENCE AND FILES REFERRED TO IN CASE, AS WELL AS APPLICABLE U.S. COAST GUARD SMALL BOAT REGULATIONS.

6. ACTION REQUESTED: EMBASSY IS REQUESTED TO SUBMIT CASE TO TFC AND TAKE OTHER ACTION AS INDICATED.

7. UNDERSTAND THAT MR. SHINTARO TAKARA OF AMERICAN CONSULATE GENERAL IN NAHA HAS CONSIDERABLE KNOWLEDGE IN THIS FIELD AND MIGHT HELP IN DEVELOPING BACKGROUND UNCLASSIFIED

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INFORMATION USEFUL TO SUPPORT ACTION REQUESTED IN PARA 3 AND PARA 4.C. VANCE

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## Message Attributes

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